

STANDARD INCENTIVE POLICY



Commercial Policy for the development of Cagliari Airport's Network

Incentive Policy valid from 13.03.2025

Criteria for applying incentives for air carriers, for the development of passenger traffic at Cagliari Airport.

Introduction

Sogaer S.p.A.'s main objective is to promote the development of air traffic, by encouraging airlines to operate new routes and strengthen existing ones, in order to use its infrastructure efficiently, raise the level of service provided to its catchment area and stimulate the development of new business opportunities.

The purpose of this Standard Incentive Policy is to publicise, transparently and ensuring equal opportunities for all the airlines concerned, the commercial incentive policy that Sogaer S.p.A. will implement and use as the basis for future agreements, in line with the MIT Guidelines issued on 11.08.2016.

By implementing its Standard Incentive Policy, Sogaer S.p.A. aims to grow its aviation and non-aviation business, in accordance with the market-economy investor principle (Commission Communication 2014/C99/03 paragraph 3.4).

Sogaer fully funds this policy, without any public contributions.

This Standard Incentive Policy was approved by the Board of Directors on 13.03.2025.

1. Objectives

By implementing its Standard Incentive Policy, Sogaer S.p.A. aims to achieve the following objectives and benefits:

- ✓ Increase overall passenger traffic;
- ✓ Expand the network through the increase in domestic and international point-to-point routes;
- ✓ Increase Cagliari Airport's intercontinental connectivity through connections with the main European hubs;
- ✓ Consolidate and upgrade existing routes (in terms of seating capacity and frequencies);
- ✓ Boost off-season air travel.

2. Beneficiaries

This Incentive Policy is addressed to all potentially interested airlines meeting the requirements, giving, in a transparent and non-discriminatory manner, identical opportunities to all the airlines intending to commit to the airport managing company to achieve development and growth targets set for the various incentive categories, without any distinction or discrimination between airline categories (e.g.: scheduled, charter, legacy, low-cost, etc.).

3. Criteria for awarding incentives

3.1 Types of incentives and incentive targets:

The network development strategy aimed at developing the airport's connectivity includes the following 5 categories:

Category 1. Launch of a new scheduled route in the IATA summer season

Category 2. Development of an existing scheduled route in the IATA summer season

Category 3. Launch of new international charter flights

Category 4. Boosting off-season travel - Launch of a new year-round or winter route or increase in frequencies/seats offered during the IATA winter season.

Category 5. Multi-annual traffic development plans for large volumes of passenger traffic and movements.

Specifically:

Category 1. Launch of a new scheduled route in the IATA summer season

This means a route not served by scheduled flights. The route must be operated with a minimum of 1 weekly frequency for a period of not less than 10 consecutive weeks. Should the route or destination be of particular interest to Sogaer, the Company reserves the right to include routes operated for shorter periods to category 1.

Category 2. Development of an existing scheduled route in the IATA summer season

This means more frequent flights to/from existing destinations if currently under-served according to Sogaer's assessment. The development must consist of at least one additional weekly frequency for a period of not less than 8 weeks compared to the previous year. The incentive will be paid only on the additional flights compared to the previous year.

Category 3. Launch of new international charter flights

The Incentive Policy will only apply to planned charter flights, according to Sogaer's assessments. Flight planning must include at least one weekly frequency for a period of not less

than six consecutive weeks during the IATA summer season and/or four consecutive weeks during the IATA winter season, and must generate additional traffic.

The incentive will be paid to the airline or to the Tour Operator (if the flight is operated by only one TO) in agreement with the airline.

Category 4. Boosting off-season travel.

This means the opening of a new annual route or a winter route, or an increase in the frequencies and seats offered on existing routes during the IATA winter season.

In the event of a new year-round route, it must be operated with a minimum of 1 weekly frequency for a period of not less than 48 weeks.

In the event of a new route operated during the IATA winter season, it must be operated with a minimum of 1 weekly frequency for a period of not less than six weeks.

In the event of an increase in frequencies, the development must consist of at least one additional weekly frequency for a period of not less than six weeks compared to the IATA winter season of the previous year. In the event of an increase in frequencies, the incentive will be paid only on the additional flights compared to the previous IATA winter season or the previous year.

Category 5. Multi-annual traffic development plans for large volumes of passenger traffic.

These are agreements with airlines able to offer multi-annual traffic development plans, guaranteeing at least 50,000 passengers per year, and with a network of multiple domestic and international point-to-point destinations, to be agreed with Sogaer.

3.2 Parameters for determining the incentive:

Incentive Scheme – Rebate on airport charges				
	Type of route	Year 1	Year 2	Year 3
Category 1	Domestic	30%	20%	10%
Category 1	International	50%	30%	10%
Category 2	Domestic	15%	10%	-
Category 2	International	30%	20%	-
Category 3	International	40%	30%	-
Category 4	Domestic	50%	40%	30%
Category 4	International	60%	50%	40%

The rebate percentages of the different categories cannot be cumulated.

For category 5, So.G.Aer is willing to design a multi-annual incentive plan, which may differentiate between domestic and international traffic and will be defined according to the profitability prospects of the airline's development proposal. The requesting airline must submit a traffic plan covering at least two years together with comprehensive operational information (fleet, bases, network, frequencies, etc.) and any other information enabling full

assessment of the project's potential and of its medium and long-term viability. Please note that Category 5 incentives cannot be cumulated with any other incentive categories.

For categories 1, 2 and 4, proposals for domestic routes will be subject to prior confirmation of interest from Sogaer.

90% of the frequencies set out in the agreed schedule must be operated.

The routes must always be operated with direct flights. Sogaer reserves the right to consider any combined programmes.

In order to qualify for the Incentive Policy on scheduled routes, the airline shall request slots with code J and at least 50% of the aircraft seats must be sold online or through GDS.

3.3 Scope of the incentives:

The incentive scheme for Categories 1, 2, 3 and 4 provides for a rebate on the following charges:

- aircraft landing and take-off charges
- aircraft parking charges
- passenger boarding charges

The incentive mechanism for Category 5 will be formulated on the basis of the airline's development proposal. Among the types of incentives and penalties, the incentive mechanism may include, by way of example and not limited to, the following mechanisms: Rebate, Marketing, Start-up support linked to the basement of aircraft, Adjustment Incentive linked to possible fluctuations in charges, penalties for failure to achieve traffic targets, exclusion of certain routes in the calculation of incentives.

Exercising its freedom to conduct business, Sogaer reserves a further 20% rebate to the above table, on the basis of the following criteria:

- Expected traffic volumes
- Strategic importance of the destination for Sogaer
- Number of frequencies operated
- Type of aircraft used
- Period of operation (seasonal or year-round)
- The airline's commercial effectiveness on the market
- The airline's organisational and technical structure, including fleet delivery plans and opening a base at Cagliari airport

The incentives granted to airlines may be in the form of a percentage rebate as shown above or an incentive per departing passenger, the maximum value of which must be equivalent to the percentage rebates shown in the incentive scheme.

These parameters will also be used where two or more airlines submit similar bids for the same route but only one airline can be selected for the incentives, due to market capacity or available funding.

Nevertheless, Sogaer reserves the right to grant the incentives to more than one airline if the route is of strategic interest to our company.

In any event, destinations and frequencies will be agreed with our company.

In any case, the amount of the incentive will be determined at the end of the negotiation between the company and the individual beneficiary, depending on the provided schemes and the agreement signed between the parties.

3.4 Marketing:

Sogaer reserves the right to invest in a marketing campaign proportionate to the importance of the airline's activities, if the route development programme is of particular interest and commercial benefit to the airport and compatibly with the marketing budget available.

The possible value of the marketing investment will be calculated on the basis of the following parameters:

- Expected traffic volumes
- Strategic importance of the destination for Sogaer
- Number of frequencies operated
- Type of aircraft used
- Period of operation (seasonal or year-round)
- The airline's commercial effectiveness on the market

4. Effectiveness

This Incentive Policy for traffic development:

- is published on the airport managing company's institutional website;
- can be revoked/updated by the company at any time;
- will also be published in English;
- needs a written agreement between the company and the incentive beneficiary to be implemented.

Agreements signed under previous policies will remain in force until their agreed expiry date, unless they are terminated prior to expiry.

5. Duration of the agreements

The duration of the incentive agreements for categories 1, 2, 3 and 4 may range from a minimum of one IATA season to a maximum of three years, depending on strategic assessment

of the business plan. The agreements relating to category 5 may range from a minimum of 2 years to a maximum of 5 years.

The duration of the contracts will be determined according to the outcome of the negotiations and contracted in accordance with the duration thresholds indicated in this section.

6. Requirements to access incentive schemes and general conditions

The airline must hold a regular air carrier operating licence, including traffic rights where necessary.

The airline must not be on the EU safety list, i.e. the black list of airlines subject to an operating ban throughout the European Community.

If, over the past five years, the airline has encountered significant irregularities in operating scheduled and planned flights and/or paying airport charges, the airport managing company reserves the right to demand a bank or insurance deposit to guarantee the correct fulfilment of contractual obligations.

Any airline that has committed significant infringements of the law or regulations will not be eligible for the incentive scheme.

No airline shall be deemed to qualify for incentives under this Policy before receiving official written confirmation from the airport managing company.

The incentive agreements for award of incentives under the conditions set out above shall be strictly confidential and in any case may not be combined with any existing agreements between the selected airline and Sogaer.

This policy is valid until Sogaer's annual budget for this activity has been exhausted.

If the new route or the increase in frequencies on an existing route is found to be unprofitable, the carrier may propose the replacement of the route with another, subject to written agreement with Sogaer.

Public Service Obligation routes are excluded from this Policy. If a route currently operated on the free market subsequently falls under public service obligations or receives public funding/contributions that cannot be combined with this Incentive Policy, the incentives for such route will automatically be terminated.

This Policy is intended for airlines only.

This Incentive Policy may not be combined with the Recovery Incentive Policy.

7. How to apply for the Incentive Policy

To gain access to these incentives, airlines must send their application to access the Standard Incentive Policy to the following e-mail address: info@sogaer.it. In particular, the airline must indicate:

1. routes, weekly frequencies, seats offered;
2. period of operation, with indication of the start and end date of the routes;
3. type of aircraft used with seats capacity and MTOW;
4. a statement that the company meets the requirements set out in paragraph 6 of this Incentive Policy.

Any changes to this Incentive Policy will be published by Sogaer in accordance with the MIT Guidelines.

For further information please contact: info@sogaer.it

8. Incentive awarding procedures

The rebates under this Incentive Policy may never take the form of direct discounts on the amounts invoiced by Sogaer. Airlines qualifying for this Incentive Policy must pay all airport charges and may not offset them against the incentives.

The incentives will be paid after the routes have been launched/developed and in any case after achievement of the contractual target has been verified.

The incentives shall be paid after the airline has paid all invoices for airport charges and has fulfilled its contractual obligations.